

**Audit Unit Policy**  
16<sup>th</sup> Revision – April 2006

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This document describes the process by which the Vermont Department of Education (VTDOE) conducts its audit review & monitoring program. 16VSA§169

This policy is intended to comply with Generally Accepted Auditing Standards (GAAS), Government Auditing Standards (GAS), OMB Circular A-133, Edgar part 74, Edgar part 80, 7 CFR 3016, applicable state laws and state board of education regulations. In all cases, where there is a conflict between this policy and OMB Circular A-133 related to Federal Audits, OMB Circular A-133 will prevail. 16 VSA§169

Audit unit is the department liaison with the Office of the State Auditor of Accounts for statewide single audit.

Audit unit is the VTDOE repository for single audits, program audits and financial statement audits conducted of the supervisory unions, school districts, and any other entities receiving funds from the VTDOE. The audit unit also is the department repository for Vermont State Single Audits and CAFRs.

AUDITS ARE NOT TO BE REMOVED FROM THE AUDIT FILES IN THE AUDIT UNIT ANY REASON, EXCEPT AS AUTHORIZED BY AUDIT UNIT STAFF OR DIRECTOR of FEDERAL FISCAL SERVICES. Other Department personnel are allowed to read or copy sections of audits, if necessary.

**Audits required by Vermont Statutes are collected based on the requirements of the Statutes. Those audits are reviewed and resolved using the same guidance established in OMB Circular A-133 rather than having two separate procedures.**

Applicable state or federal law or regulation is noted at the end of each section of this policy in font size 8 as a reference.

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## **1. Audit & monitoring requirements**

### **(a) Federal Requirements**

Requirement 1 - Sub-recipients expending \$500,000 or more annually in federal funds from all sources, require an audit that meets OMB Circular A-133. OMB Circular A-133 Subpart B 200 (a)

Requirement 2 - Sub-recipients expending federal awards under only one federal program are not required to have a financial statement audit. They may elect to have a program specific audit. OMB Circular a-133 Subpart B 200 (c)

Requirement 3 - Medicaid payments to sub-recipients are not considered federal awards expended. Circular A-133 subpart 205 (I) Department has determined Medicaid funds are treated as state grants.

Requirement 4 - State Agencies cannot require Proprietary Title XX sponsors to obtain an organization wide audit. Instruction # CNP 08-94 issued by the Northeast Regional Office of USDA

Requirement 5 - Sub-recipients expending less than \$500,000 are required to be monitored by the grantor agency to insure Sub-recipients are complying with Federal and program regulations. Grantor agencies must implement a monitoring policy. Circular A-133 Subpart D (d)(3)

**Comment** - Non-profit sub-recipients (Nonprofit) may have different fiscal years than the June 30, receipt and resolution process of those Single Audits is based on the nine-month submission period after the close of the sub-recipient's fiscal year.

### **(b) State Requirements**

Requirement 1 - Every school district is required by state law to have an audit of its financial statements at least every three years. If the town has voted to eliminate the office of town auditor an annual audit is required. (17 VSA§ 2651b)

An entity wide audit conducted under OMB Circular A-133 will meet the state requirement.

Requirement 2 - Supervisory Unions are required to have an audit of its financial statements annually. 16 VSA §323

### **(c) Non-Governmental Requirements**

This audit requirement will be established from the funding source during the grant acceptance process. Any special requirements would be identified at that time and noted in the revenue code table.

The download of revenues advanced from Accounting Unit will be checked for advances from all revenue sources noted in the review table. All sub-recipients meeting the audit requirement outlined in the grant will be noted to the review table.

## 2. Sub-recipient audit determination

Determination of an audit requirement for a sub-recipient is based on the following -

**(a) Federal** - The total amount of federal advances to each sub-recipient indicated in the Federal Advances by Sub-Recipient Report is checked for sub-recipients with advances meeting or exceeding the \$500,000 expenditure Federal audit threshold for the state fiscal year which ended on June 30. The department notification of a federal audit required is based on the 31 CFR 205(a) that federal funds advanced must be spent in a timely manner and the assumption that funds advanced will have been spent in less than thirty days.

Vermont Agency of Administration Bulletin 5 requires all sub-recipients of federal funds to annually submit a Certification of Audit Requirement report to the VT Department of Finance and Management indicating whether they have a single audit requirement for the fiscal year that just ended. Any sub-recipient single audit determined to be required under this process to be collected by this office as the primary agency will be added to our collection process.

Medicaid payments to a sub-recipient are not considered federal awards expended. These payments are deducted from the federal total to reflect the actual total award payments.

Circular A-133 subpart 205 (I)

If audit unit records indicate a sub-grantee has historically been required to obtain a single audit based on their receipt of revenues from numerous sources, a letter is sent requesting a copy of their audit, if an audit is conducted.

**(b) District** – The State Audits Due Cross-Check Report is reviewed. School districts not submitting an audit during either of the last two years are required to submit an audit for the fiscal year that just ended. If a town school district that has eliminated the office of town auditor, the district is required to submit an annual audit. 17 VSA§2651b

**(c) Supervisory Union** - All supervisory unions & supervisory districts are required to have an audit each year. 16 VSA323

## 3. Sub-recipient notification

All audits must be submitted within nine months after the end of the fiscal period being audited.  
OMB Circular A-133 Subpart 320(a)

**(a) First notification letters** and audit information reports are sent to all sub-recipient informing them of their audit requirement(s) based on the information generated from the review table as soon as possible after all entries are made to the table. (Normally within 30 days after close of state fiscal year). OMB Circular A-133 Paragraph 320 (a).

A report on Advances per Department Sub-ledgers is generated for each lea and sent to its supervisory union. A report on advances is also generated for each non-profit sub-recipient, which is indicated as receiving \$500,000 or more in federal funds during the last fiscal year.

When one or more of our sub-grantees is determined to be part of a parent organization, the advances are combined to evaluate total advances and possible single audit obligation.

The reports indicate amount and sources of all funds advanced by this department using the revenue code series.

**(b) Second notice letter** - The audit due report is reviewed during December of each year. A second notice letter reminding sub-recipient of their audit requirement, current status of audits and requesting a copy of the audit be filed within the nine-month period following the end of their fiscal year. This letter states the deadline for receipt of audits required by regulations. For school district the deadline is March 31. This letter indicates failure to supply the required audit by the deadline will result in a recommendation to the Federal Fiscal Services team leader that federal and state funds be suspended until the required reports are received. Circular A-133§320

**(c) Third letter** - This letter is sent approximately thirty days of the due date indicating the status of audits received, sub-recipient audits still due and the audit requirement(s). An audit information report is included with the third letter. This letter notifies the sub-recipient, that failure to supply the required audit reports within thirty days will require the audit unit to recommend to the Federal Fiscal Services Team leader, a final notice letter indicating suspension of all federal and state funds sent to that sub-recipient for failure to submit the required reports.

**(d) Phone calls** may be made to superintendents, executive directors or business managers prior to the audits due dates for all audits that have not been received. We provide information regarding the status of the required audit according to dept records, request the current status of the audit and attempt to enlist their assistance in obtaining the required audit.

**(e) Final Notice Letter** - If audits are not received within the time frame allowed a final notice letter notifies the sub-recipient that the organizations federal and state funds have been suspended until the required audit is received. 16 VSA §212(5) (6) (9) The Accounting unit is notified which organizations are under suspension.

**(f) Audit Information report** - All supervisory unions and nonprofits are also sent an audit information report indicating which audits are still due, received, reviewed, corrective action plan required or approved from them or a member of their supervisory union.

#### **4. Receipt of audits**

**(a) Receipt** - All audits received by the Vermont Department of Education are date stamped, number of books received is noted on the cover (1 of 2, 2 of 2 etc.), and given to the Audit Unit by the person receiving the mail.

**(b) Logging of audits** - All sub-recipient audits received will be logged in the review table indicating date received, type of audit received; fiscal year audited and firm conducting the audit.

**(c) Vision System log** – Single audits will be logged as received into the Department of Finance and Management database.

## 5. Extensions, waivers, suspensions and removal of suspensions

**(a) Extensions** - Extensions of audit submission deadlines may be granted depending on the reason for the request, nature of the audit requirement to be met and sub-recipient's intention to meet the extended deadline. The sub-recipient may be requested to certify the board's intent to have the required audit conducted or provide a letter from a CPA firm indicating they have been hired to conduct the required audit. Length of extension is usually thirty days. Extensions are noted to the review table.

**(b) Waivers** - Waivers of state audit requirements may be granted depending on the reason for the request, nature of the audit requirement to be met and receipt of an audit acceptance letter from an accounting firm indicating agreement to conduct an audit that meets the audit requirement for the next fiscal year. Requests for a waiver of state audit requirements and the granting of waivers will be noted in the review table.

**(c) Federal audit waivers** - The department has not been delegated the authority to waiver of a federally required audit.

**(d) Suspension of funds** - If the audit is not received by the deadline established in the third letter and no extensions or waivers have been granted. A final notice letter notifies the sub-recipient of the suspension and the effective date. The department's Assistant Division Director for Business Management receives a copy of this letter and implements the fund suspension. The department's Chief Fiscal Officer and the Federal Fiscal Services Team Leader receive a list of the suspended organizations. The database's records related to the sub-recipient's audits are checked to indicate suspended. Circular A-133 §225 (c)

**(e) Removal of fund suspension** - Upon receipt of the audit report package by the audit unit, the Assistant Division Director for Business Management is notified the requirement has been met and the fund suspension is lifted.

## 6. Initial review

**(a) Initial review** - Audits will be reviewed and results will be entered into the review table. The review table has multi-choice fields for each type of report or note that may be included or found in an audit.

**(b) Federal threshold status** - The amount of federal funds expended as indicated in the audit is checked to insure those sub-recipients expending \$500,000 or more in federal funds have an audit in accordance with OMB Circular A-133. A sub-recipient whose audit indicates federal expenditures meet or exceed the OMB Circular A-133 threshold and did not submitted the required single audit reporting package are notified of the requirement and status is changed in the review table to due. OMB Circular A-133 §200

**(c) Required reports** - Audit will be checked to ensure all required reports are included based on the type of audit received. Incomplete audits are checked as due in the review table. Sub-recipient will be notified if the audits are considered incomplete i.e., failure to submit all reports including a corrective action plan. Circular A-133 §320(c)

**(d) Issues** - An audit report, schedule etc which contains findings, weaknesses or reportable conditions is checked condition in the review table. Other issues, which are noted in the audit or found during the desk review, are noted as issues in the condition table.

**(e) CAP** - Audits, which have included a Corrective Action Plan addressing issues, are checked cap received in the review table. Separate data fields in the Desk Review will be checked if the CAP does not indicate date of action or responsible party for implementation. Circular A-133§315 If the sub-grantee has not submitted a corrective action plan they will be contacted to requested the required plan.

**(f) No issues** - If no issues listed above are noted during the desk review, the audit is checked received in the review table or the audit may be approved at this time. Letters are sent indicating acceptance of the audit for the issues related to revenues advanced by this department or issues concerning this department.

The department does not have authority over issues related to funds directly advanced from a federal agency or another pass through agency and therefore does not address those issues. If issues related to another state agency are found, that state agency will be advised of the issue and the need to address the issue.

## 7. Desk review

**(a) Review order** - Audits will be reviewed based upon date of receipt or based on information received from other department sources indicating problems relating to audit issues may exist and warrant immediate action to insure timely resolution. Single Audits will be reviewed first to allow prompt resolution of the issues related to federal grants.

The audit review status report and condition report will be rechecked and confirmed during the review stage. Any additional items found during this stage or receipt of additional information will be noted in the condition table. A Desk Review Report of Audit Reporting Package will be generated and attached to the audit.

### **(b) Review process**

**OMB Circular A-133, or Generally Accepted Auditing Standards Compliance (GAAS)** - A review of audits is conducted to assure compliance, identification of issues found as a result of the audit, all required reports are included and any conditions noted in the audits are resolved.

**Program issues** contained in the audit will be brought to the attention of appropriate department program personnel to assist in resolution of the issues when necessary.

**Revenue variances** – If revenue information contained in the audit is properly identified, it may be compared to the revenue information contained in department records. Sub-recipients may be required to resolve any material variances. Prior year audits, current year grants and other data may be checked to resolve variances. A Revenue Variance Report may be generated and forwarded to the sub-recipient. Some non-federal audits consolidate the state and federal funds from all sources to single line item titled intergovernmental revenue, which prohibits checking of revenues advanced against revenues reported in the audit. Single Audit Act requires only the reporting of expenditures not the revenues.) This financial testing was established to ensure all funds advanced by the department are accounted for. Circular A-133 §320(c)(1)

**Monitoring/calculation of grant balances** - When possible, the expenditure information and balances reported in the audit related to funds advanced by this department is entered into the database and a report may be generated. The report deducts grant expenditures reported in the audit from the funds advanced during the fiscal year based on department records and advances made the following year generating an End of Year calculated balance for the grant. The auditee may be requested to provide the current status of any significant fund balance to ensure balances are spent in a timely manner, obligations are liquidated that are not later than 90 days after the funding period and unobligated balances may be requested to be returned unless carry forward has been approved. 34 CFR § 80.23 and 34 CFR §80.50(d)

**Monitoring of recipient's sub-recipients** - If the audit indicates the recipient of federal funds from this department is also awarding funds, a check is made to verify a procedure is in place to monitor their sub-recipients. PCIE Standards Statement 6 (49)

**Questioned Costs** and related information will be entered in questioned cost fields in the condition table indicating fiscal year, revenue code for the funding source, amount questioned and the condition code for the type of condition related to the questioned costs.

If questioned costs remain unresolved after completion of the corrective action plan/ resolution process; the department will inform the sub-recipient of our intent to collect the questioned costs by repayment in the form of a check or administrative offset. The notification letter will indicate

- the nature and amount of the questioned costs,
- a revised SDE 1.1 final grant report reflecting the removal of the disallowed cost and the increased unspent balance is required,
- copies of the documents showing reimbursement of the grants for the disallowed costs may be required.

The department's accounting unit may deduct the disallowed cost from the next payment or request the sub-recipient submit a check payable to the Treasurer, State of Vermont submitted to the audit unit, 34 CFR 30.20

**Update current status** - Upon completion of the desk review, the review table will be updated to reflect the current status of the audit. The date of the expected response, if necessary will be noted in the review table.

**Tickle file** - If follow up action is required, information related to the required action will be entered into the tickle fields regarding date of correspondence to sub-recipient, action requested of sub-recipient and expected date of response. Any comments will be noted at this time.

## **8. Follow up/completion**

**(a) Follow up** - A phone call will be made or a letter will be sent to the sub-recipient indicating audit acceptance or outlining the issues that need to be addressed to resolve the conditions noted in the audit or conditions found during the audit review. The sub-recipient will be informed their response is expected within a given time period, normally thirty days.

**(b) Tickler file** - The tickler fields will be checked regularly, any sub-recipient not sending the information indicated in the audit follow up letter will be called and or sent a second notice letter to determine the status of the response.



**(c) Extension of time** - If the response indicates a corrective action is pending within a short period of time; an extension of time may be granted and noted in the tickle fields. The granting of extension of time is based upon sub-recipient's progress and previous history in meeting its requirements. A second notice will also indicate a date by which the response must be received usually thirty days from the date of the second notice.

**(d) No or inadequate response** - If no response is received to the second letter, contact will be made with the sub-recipient, to determine the status of the requested response. If necessary, a final notice from the Federal Fiscal Service Team will indicate failure to respond will result in his/her suspending the funds until the required action is received. This letter will indicate a thirty-day response time. The review table will be updated indicating sending of this letter.

**(e) Fund suspension** - If no response is received to the final notice letter, a fund suspension letter will be sent to the auditee. The Assistant Director for Business Management, the Department's Chief Fiscal Officer will be informed of the suspension and a copy will be filed. The Assistant Division Director for Business Management will notify the accounting staff that all fund payments are suspended.

**(f) Removal of suspension** - Upon receipt of the requested information and a review indicating all issues are addressed, the Assistant Division Director for Business Management will be notified the suspension of funds is lifted.

## 9. Audit closure

After all audit issues have been resolved the review table will be checked to indicate approved. A letter indicating the audit has been approved and is on file where it is subject to review at anytime during the three-year period following its receipt is sent to the auditee. OMB Circular A-133§320(g)

## 10. Reports

The audit unit may generate the following reports for review.

**(a) Audit activities report** - The report summarizes on a fiscal year basis the status of audits received. Status categories include audits due, audits received, audits reviewed, audits approved, audits open, audits with additional review required, and entities with funds suspended.

**(b) Audit questioned cost report** listing the questioned costs and balances by condition type may be prepared.

**(c) Audit Conditions Reports** - A report tracking conditions found in the review process or contained in the audit by type found is on a year-to-date basis. **Audit conditions report** - The tracking mechanism will collect the conditions found by PS code, fiscal year, department's four-digit revenue code and a three-digit audit condition code.

**(d) Audits received, approved & reviewed reports** - These reports indicate recipients whose audits are received, approved or reviewed for the fiscal year.

**(e) LEA's fund suspension list** - This report is produced as needed. It indicates each entity whose funds have been suspended, the reason for the suspension, total dollar amount of funds held and comments if necessary.

**(f) Fiscal audits received per firm** - This report indicates the number of audits received by the audit firm that generated the audit reports on a year to date basis. Firms are listed in descending order by count of audits conducted.

**(g) Auditee conditions report** - A report of conditions found within a sub-recipient audit.

## **11. Record retention**

All documentation relating to the sub-grantee audit will be attached to the audit, which is filed by alphabetically by fiscal year. The audits will be stored for three years after date of receipt or until all audit issues are resolved which ever is longer. Audits are sent to public records for storage and destroying after the required time period. OMB Circular A-133 paragraph 320 (g)

## **12. Letters and or phone calls**

Phone calls or letters will be sent to the chief executive officer and business manager of all sub-recipients -; OMB Circular A-133 paragraph 400 (d)(5)

- When audit does not meet appropriate guidelines or when the audits contained questioned costs, findings, reportable conditions, material weaknesses, compliance issues or other problems. The sub-recipient may be required to submit a written "Corrective Action Plan", or response why a corrective action is not necessary, and all questioned costs must be resolved. OMB Circular A-133 paragraph 315(c)

- When program issues need to be resolved, per department program personnel. When necessary, program directors may be given a copy of the program issues found within the audit, with a request to advise the audit unit of any action taken or planned to address the issues;

- When the audit figures do not agree with department records or the quarterly reports submitted by the sub-recipient, (all material variances must be reconciled).

- When schedules indicate a possibility of unexpended grant funds after 30 days, which should be returned after the closure of the grant unless carryover has been approved. Sub-recipients are requested to check the status of the unexpended balance to verify the unspent balance is only federal funds. Unspent & unobligated funds may be requested to be returned. A revised SDE 1.1 report will be requested along with the unspent funds once the review has been completed.

Edgar Part 74.71 (d) and Edgar Part 80.50(b)(2)

- Other issues that are indicated in the notes to the financial statements or a management letter may be included in the audit review letter addressed to the attention of the executive officer with a copy to the business manager.

## **13. Final resolution**

If the entity agrees with the amount of the questioned cost, or fails to resolve the questioned cost or can not resolve it correctly, accounting unit may invoice the subgrantee requesting a check for the unresolved amount made payable to TREASURER, STATE OF VERMONT or they may deduct that amount from a future payment made to the organization. The accounting unit may allow the unspent funds to be included as carry forward funds. The corrective action plan will be sent to the audit unit. All checks and cash received are submitted to the accounting unit for deposit.

The letter may state "If the entity fails to refund the questioned cost or unspent funds within 30 days, the department will make an administrative offset against other requests for reimbursement. Edgar part 74.73(a)(1) or part 80.52(a)(1)

A Final Report shall be required be submitted within 90 days to properly close the grant(s), if the resolution changed the amount of allowable expenditures previously reported. Edgar part 74.71(a) and part 80.50 (b)

## **14. Hearing procedure**

1. A Sub-recipient has the right to disagree with an audit finding or department determination.
2. The auditee's reason for disagreeing with the finding or determination must be sent to the department's audit unit.
3. If the auditee is still not satisfied they may submit a letter to the Federal Fiscal Service Team Leader indicating their reason for disagreement.
4. The department Hearing Procedure is followed to resolve any differences regarding audit resolution nor resolved in steps one through three. Reference State Board of Education Manual of Rules and Practices 1230. 3 VSAC Chapter 25

## **15. Suspension or debarment of recipients**

The Department checks the federal suspension or debarment list of recipients in March and September to insure that its subgrantees are eligible to receive federal funds. The location of this information on the Internet was distributed to department subgrantees. Edgar§ part 74.13 and part 80.35

## **16. Monitoring plan**

The department has an established monitoring plan which addresses the steps necessary to complete on-site monitoring of its sub-recipients.

## **17. Training**

**Training** - Federal Fiscal Services Team developed PowerPoint training on cost principles and uses the program to teach cost principles to LEAs and nonprofits using the Vt Learning network and Vermont Interactive Television. We also have taught cost principle course at workshops for Consolidated Federal Programs training, Child and Adult Care Training and provided oversight to department program managers. The training has been added to the department's Business and Grant's Management page to allow anyone to learn about the cost principles. This training has been added to the department's website.

**Copies of OMB circulars** related to Cost Principles, Grant requirements and Audit requirements were sent to all Supervisory Unions in Dec 99. Non-profit organizations whose federal advances met the federal audit threshold in FY 99 also received applicable copies in Dec 99. Links to the OMB Circulars have been added to the department website. Circular A-133 Subpart 400 (d)(2)

**The audit unit newsletter** is sent to superintendents, business managers, executive directors of non-profit organizations, audit firms and the state Auditor of Accounts office to provide them with new audit information related to conditions found in other sub-recipient audits, changes to existing grant regulations and reminders of required actions.

**Local auditor's reports** - The Audit Guide for Locally Elected Auditors issued by the VT Dept of Housing and Community Affairs.

Auditors reports are also used to verify whether a town has a locally elected auditor, if the town does not have a locally elected auditor, an annual state audit is required of the school district.

### **18. Threshold determination/FY advances to sub-recipients**

- (a) Obtain FY advances to sub-recipient & record. Audit unit downloads all sub-recipient information related to FY Advances from business office's (BO) financial database in July of each year.
- (b) As soon as the financial database is closed by the BO, the grant related financial information will be downloaded in an excel spreadsheet format including Voucher number, voucher date, revenue type, fiscal year, grant year, amount paid and name of LEA paid by vendor code.
- (c) Examine data and delete zeroed based information related to department payment coding corrections. Add fiscal year column for all transactions in excel spreadsheet. Resize columns to match field sizes of advance9 table in audit database.
- (d) Open audit database and import the excel file to the advance9 table.
- (e) Starting with FY 2004 a new table is being developed to include more types of data and use the Lea code as a search mechanism consistent with accounting unit. The department of Finance's Vendor codes will be used when possible.

### **19. Identification of all potential auditees**

- (a) Review and amend auditee table to include all LEAs formed, new sub-recipients since the previous year and deleting LEAs dissolved and inactive sub-recipients since the last review. Information on new or deleted LEAS is received from Commissioner's office, Chief Fiscal Officer (CFO), Education Division Director or BO.
- (b) Update the auditee table to include all sub-recipients receiving advances from this department. Audit unit will download all sub-recipient information related to FY advances from BO's financial database in July of each year. Review LEA codes for current year advances and identify which new subgrantees receiving funds are not in the Auditee Table. Update the auditee table and address table with subgrantee related information.
- (c) When a subgrantee is determined to be part of another organization the database is modified to indicate the parent organization and the advances to both organizations are combined to determine the potential single audit requirement.
- (d) Vendor numbers have been added to the tables to improve accuracy of sub-grantee identification.

## **20. No audits required**

- (a) A school district which operates as a supervisory district will be audited as the supervisory district. The school district and supervisory district offices are viewed as one legal entity and a separate audit of the district is not required.
- (b) A town school district which dissolved.
- (c) A district whose request to waive an audit required by 16 VSA §563 (17) has been granted for that fiscal year.

## **21. Code of audit conditions**

A four-digit code has been established to identify the types of findings, weaknesses, issues of non-compliance or questioned cost reported in the audits. This code also identifies issues found as a result of the review process such as revenue variances or unreported revenues known to be advanced to the entity.

This code is combined with the four-digit revenue code assigned by the department to allow tracking of conditions by type of fund received.

## **22. Fraud policy**

The department has an established policy to assess and review possibly instances of fraud.

## **23. Compliance with Agency of Administration Bulletin 5**

The Vermont Agency of Administration Bulletin 5 establishes requirements for all state agencies that pass-through federal funds to their sub-grantees.

1. Department of Finance will appoint a state agency or department to act as the primary agency to collect audits from each type of sub-recipients. Vermont Department of Education has been assigned primary agency for supervisory unions, school districts and colleges. The department may be assigned as primary agency for other sub-recipients if finance department determined VTDOE advances the largest amount of federal funds to a particular sub-grantee.

### **2. Primary agency responsibilities**

- a. Collect the single audits from sub-recipients that received funds equal to or greater than the federal single audit threshold.
- b. Log the audit into the VISION system and indicate the audit has been received, and whether or not the audit reported any findings related to federal grants in the comment section. If the sub-recipient's fiscal year has not been entered into the system, the primary will enter the information.
- c. If the audit contains a finding related to another state agency or department, the primary agency is required to notify that agency the audit has been received that contains a finding related to their department.
- d. The primary agency will work with the other state agency to resolve findings.
- e. The primary agency will note in the VISION system when the audit has been reviewed.

3. When Vermont DOE is not the primary agency the department will check the VISION system to verify the audit is recorded, If the audit is not recorded the department will note in the comment section that the audit has been received by Vermont DOE.

#### **24. Reference documents**

1. Governmental Generally Accepted Accounting Principles including Update Service
2. Generally Accepted Auditing Standards
3. Education Department General Administrative Regulations (EDGAR)
4. OMB Circulars A-133 & A-50 as required.
5. Standards for Audit of Governmental Organizations, Programs, activities, and Functions (Yellow Book)
6. Catalog of Federal Domestic Assistance
7. Federal Grants Management Handbook, Single Audit Information Service, Resource Guide to Federal Program Compliance Audits by Thompson Publishing.
8. Statements on Auditing Standards
9. 16 VSA and 24 VSA
10. 7 CFR 3016